

**20th**  
**ANNUAL REPORT**  
**2006-2007**



**BACIL PHARMA LIMITED**

401, Rajshila, 597 J.S.S. Marg, Near Princess Street,  
Girgaon, Mumbai – 400 002

## BACIL PHARMA LIMITED

### Board of Directors

Dr. L. L. Hingorani – Director  
Shirish Shetye – Director (Independent – Non-Executive)  
Dr. Nitin Kochar – Director (Independent – Non-Executive)  
Prakash Shah – Director

### Auditors

M/s. A. W. KETKAR & Co.  
Mumbai

### Registered Office

401, Rajshila, 597, J.S.S.Marg,  
Near Princess Street,  
Girgaon, Mumbai-400002.

### Factory Site

D-11/1/2, MIDC,  
Lote Parshuram Industrial Area,  
Taluka Khed, Dist. Ratnagiri 415 722

### Bankers

Union bank of India –  
Mumbai Samachar Marg, Mumbai – 400 023  
Chiplun – Maharashtra

### Registrar & Share Transfer Agents

BIGSHARE SERVICES PVT. LTD.  
E-2/3, Ansa Industrial Estate, Sakivihar Road, Saki Naka,  
Andheri (East), Mumbai 400 072.  
Phone: 28470652, 28470653, 28473747, 28473474,  
Fax: 28475207

**BACIL PHARMA LIMITED**

**NOTICE**

NOTICE is hereby given that the Twentieth Annual General Meeting of the members of BACIL PHARMA LIMITED will be held at 10.00 A.M. on Saturday, 29th September 2007 at 10, Vashani Chambers, 47, Vithaldas Thackersey Marg, New Marine Lines, Mumbai -400 020 to transact the following Businesses:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Balance Sheet as on 31st March 2007 together with the reports of the Directors and Auditors thereon.
2. To appoint a Director in place of Dr. Nitin Kochar, who retires by rotation and being eligible offers himself for reappointment.
3. To appoint Auditors and fix their remuneration.

**SPECIAL BUSINESS**

4. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT subject to the provisions of the Companies Act, 1956, including any statutory modifications or re-enactment thereof, the Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003 the Securities Contract (Regulations) Act, 1956 and the rules framed thereunder, listing agreement with the Stock Exchanges and other applicable laws, rules & regulations and guideline and subject to such other (approvals, permissions, sanctions etc. as may be agreed to by the Board of Directors (hereinafter referred to as "the Board" which expression shall be deemed to include any committee of the Board for the time being, exercising the powers conferred by the Board), the consent of the Company be and is hereby accorded to the Board to voluntarily delist the securities of the Company from Ahmedabad Stock Exchange Ltd. (ASE) and The Delhi Stock Exchange Association Ltd. (DSE), where the equity shares of the Company are presently listed without giving an exit option to the shareholders of the region of the ASE and DSE."

5. To consider and if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT existing Article 140 of the Articles of Association of the Company, be and is hereby substituted by new Article 140 as under:

- 140      The number of Directors in the Company shall not be less than three or more than twelve.

The directors of the Company as on the date of amendment are as follows:

1. DR. L. L. HINGORANI
2. SHRI SHIRISH SHETYE
3. DR. NITIN KOCHAR
4. SHRI PRAKASH SHAH

Mumbai : July 07, 2007  
REGISTERED OFFICE  
401, Rajshila, 597, J.S.S. Marg,  
Near Princess Street, Girgaon,  
Mumbai 400 002.

By Order of the Board of Directors

**PRAKASH SHAH**  
Director

**NOTES**

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH A PROXY NEED NOT BE A MEMBER. Proxies must be received at the registered office of the Company not less than forty-eight hours before the meeting.
2. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, 24th September 2007 to Saturday, 29th September 2007 (both days inclusive).
3. Members are requested to expeditiously intimate any change in their address registered with the Company.
4. Members are requested to bring their copies of the Annual Report at the time of Annual General Meeting.
5. EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No. 4

Presently the securities of the Company are listed at Bombay Stock Exchange Ltd. (BSE), Ahmedabad Stock Exchange Ltd. (ASE) and The Delhi Stock Exchange Association Ltd. (DSE). With the extensive connectivity of the BSE and the extension of the BOLT terminals to other Indian cities as well, the investors have access to online dealings in the securities of the Company all over the country. The bulk of the trading in the securities of the Company takes place on the BSE only. The trading on the ASE and DSE is negligible. Accordingly, the listing fees paid to the ASE and DSE is disproportionately higher with no trading volumes. As a part of the cost reduction measures, it is suggested to delist voluntarily the securities of the Company from ASE and BSE. As per the SEBI regulations, member's approval by a Special Resolution is required for the voluntarily delisting of the securities from the stock exchanges. The proposed delisting will not adversely effect the investors, as the Company's securities will continue to be listed on the BSE. The delisting will take effect after all approvals, permissions and sanctions are received.

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Delisting of Securities) Guidelines, 2003. As per the Guidelines, a company whose securities are listed for a minimum period of three years on any stock exchange may voluntarily delist its securities from that exchange. The Guideline further mention that a company proposing to delist its securities shall provide an "exit opportunity" to the shareholders. However, such an exit opportunity need not be given in cases where the securities continue to be listed on stock exchange having nationwide terminals.

Since, the Company's securities shall continue to be listed on the BSE, which have nationwide terminals (viz. BOLT), the Company need not provide an exit opportunity. The proposed delisting would be subject to the guidelines for voluntary delisting as laid down in SEBI (Delisting of Securities) Guidelines, 2003

Directors recommend the resolution for approval of the members. None of the Directors of the Company are interested in the above resolution.

Item No. 5

In order to facilitate our customer to know the present directors of Company from the Articles of Association, the Article 140 is proposed to be altered as such as contained in the Resolution of Item No. 5. This alteration can be made with consent of members by way of special resolution under section 31 of the Companies Act, 1956. The Board of Directors recommends passing of the proposed resolution.

Directors recommend the resolution for approval of the members. None of the Directors of the Company are interested in the above resolution.

Mumbai : July 07, 2007

REGISTERED OFFICE

401, Rajshila, 597, J.S.S. Marg,  
Near Princess Street, Girgaon,

Mumbai 400 002.

By Order of the Board of Directors

**PRAKASH SHAH**

Director

**BACIL PHARMA LIMITED**

To  
The Members,  
BACIL PHARMA LIMITED.

**DIRECTORS' REPORT**

The Directors have pleasure in submitting the Annual Report alongwith the audited statement of accounts for the year ended March 31, 2007.

**PROJECT IMPLEMENTATION**

Company had earlier carried out trial run of machineries so installed and the delay in starting the Production is due to delay in financial arrangement and receipt of calls in arrears.

The Management has therefore decided initially to undertake conversion/job work from other manufacturers of Pharmaceutical/ Herbal Products after receipt of pollution control consent and the same is expected to start before 31st October, 2007 and thereafter to start manufacturing on own account subject to arrangement and availability of required finance. In the meanwhile the company intends to start merchant export of agro based and other related products

In spite of all efforts, the management could not make suitable arrangements of funds so as to start the plant and to have reasonable financial liquidity. The management is hopeful of some suitable arrangement so that commercial production can be started. In the meanwhile the management intends to start some trading activities so as to generate some cash profit and to bear the day-to-day administrative and maintenance expenses.

Since there was no commercial operation during the year ended 31st March, 2007 and corresponding previous year, no Profit and Loss Account is prepared.

**DEMATERIALIZATION OF SECURITIES OF THE COMPANY**

The Company has established electronic link with the depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) and the ISIN Number allotted to the company is INE711D01018. Shareholders are requested to have their shares dematerialized by depositing the original Share Certificates with their respective Depository Participants.

**ALLOTMENT MONEY DUE/ FORFEITURE OF SHARES**

After due process and giving sufficient notice, the Company has forfeited 11,10,000 (Eleven lacs ten thousand) equity shares on which allotment money was due and was not paid inspite of the required notices for payment of allotment money and notice of forfeiture, which were duly sent in compliance of the requirement of Articles of Association of the Company in regard to forfeiture of shares.

**CORPORATE GOVERNANCE**

Your Company has ever been an ardent practitioner of the core values of corporate governance. A separate report on Corporate Governance is attached herewith.

**DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to Section 217(2AA) of the Companies Act, 1956 the Directors confirm that:

- 1) In the preparation of the annual accounts, the applicable accounting standards had been followed;
- 2) Appropriate accounting policies as mentioned in Schedule No. 9 have been selected and applied consistently and have made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2007;
- 3) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- 4) The annual accounts have been prepared on a going concern basis.

#### **DIRECTORS**

Dr. Nitin Kochar, Director retire by rotation and being eligible offer himself for reappointment.

#### **LISTING AGREEMENT**

The Shares of the Company are listed on Bombay Stock Exchange Ltd. (BSE), Ahmedabad Stock Exchange Ltd. (ASE) and The Delhi Stock Exchange Association Ltd. (DSE) and have been duly paid Annual Listing Fees for the year 2007-2008. The Company has initiated the process of voluntarily delisting of its securities from ASE and DSE.

#### **PERSONNEL**

No employee is receiving remuneration beyond the limit prescribed under the provisions of Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975 as amended up to date.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO**

Since the Company has not commenced any manufacturing activity, information under section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in Report of Board of Directors) Rules, 1988 is not applicable.

The Company has no foreign exchange earning and outgo during the year under review.

#### **AUDITORS**

M/s. A. W. Ketkar & Co., Chartered Accountants, Auditors of the Company retires on conclusion of the ensuing Annual General Meeting. They are eligible for reappointment and members are requested to appoint the auditors.

#### **ACKNOWLEDGEMENT**

The Board wishes to place on record its appreciation for the valuable Co-operation and support extended by Employees, Registrars and other agencies. We are also grateful to all the Shareholders for reposing their confidence in the Company.

By Order of the Board of Directors

Place : Mumbai  
Dated : July 07, 2007

<b>PRAKASH SHAH</b>	<b>SHIRISH SHETYE</b>
Director	Director

**Annexure to Directors' Report**

**MANAGEMENT DISCUSSION AND ANALYSIS**

**Industry structure and developments**

The Company has setup manufacturing facilities at its factory premises at MIDC, Lote (Maharashtra). The report contains certain forward-looking statements, which are based on certain assumptions and expectations of future events.

**Opportunities and threats**

There is growing demand for bulk drugs & intermediates in India and abroad specifically due to opening of the Indian Economy to world competition. Herbal & Aurvedic products and formulations are on demand both in the local and export market. The Company has plans to tie up with various prospective buyers (for test marketing) of indigenous as well as foreign market.

As far as threats are concerned no significant threats except the general market conditions are perceived in the near future.

**Outlook**

The outlook for bulk drug, herbal products and formulations in general is good for the years to come. The Company is taking necessary measures to arrange the required finance for the project implementation and working capital requirements.

**Internal control systems**

The company has a proper and adequate security system to ensure that all assets are safeguarded and protected against any possible loss from unauthorised use or disposition. The internal systems and other records are reliable, for preparing financial statements and other information, and for maintaining accountability of assets. Proper security arrangements are being made for safety of all assets, even though the insurance cover for plant and machinery is not obtained.

**Financial and operational performance**

During the year under review, the Company has not carried out any manufacturing activities from facilities available with the company and the necessary permission under pollution control regulations is still awaited.

**Cautionary Statement**

The delay in project implementation has caused increase in project preoperative expenses. Statements in this Management Discussion and Analysis Report are based upon the data available with the company at this point of time and on certain assumptions having regard to the economic conditions, government policies, political developments within and outside the country. The management is not in a position to guarantee the accuracy of the assumptions and the projected performance of the company in future. It is, therefore, cautioned that the actual results may differ from those expressed or implied herein. Delay in project implementation and commercial production has already caused depletion of the existing plant & machinery, due to plant being in chemical zone and the same will have a barring in the near future for extensive repairs & maintenance.

**Annexure to Directors' Report**

**CORPORATE GOVERNANCE REPORT**

**1. Company's philosophy on code of corporate governance**

Bacil Pharma Limited's philosophy on corporate governance envisages the attainment of transparency, accountability and equity, in all facets of its operations and all its transactions with its stakeholders, including shareholders, employees and government.

Bacil Pharma Limited is committed to achieve the goal of enhancing shareholders satisfaction over a period of time.

**2. Board of Directors**

**i) Composition and Category of directors:**

The Board of Directors comprises of Four Directors, all are being Non-Executive Directors. Out of four Directors, two directors are promoters and remaining two directors are independent. All Directors are liable to retire by rotation.

**ii) Attendance of each director at Board Meetings and the last Annual General Meeting (AGM):**

Name of the Director	Category of Directorship	No. of Board Meetings attended	Attendance at Last AGM
Mr. Shirish Shetye	Independent	5	Yes
Dr. Nitin Kochar	Independent	4	Yes
Mr. Prakash Shah	Promoter	5	Yes
Dr. L. L. Hingorani	Promoter	4	Yes

**iii) Number of other Board of Directors or Board Committees where Directors of the Company are a Director/ Member/ Chairman**

Name of Director	No. of Directorships in other Boards*	No. of Memberships in other Board Committees**	No. of Chairmanships in other Board Committees
Mr. Shirish Shetye	1	0	0
Dr. Nitin Kochar	0	0	0
Mr. Prakash Shah	3	0	0
Dr. L. L. Hingorani	0	0	0

\* These exclude directorship held in foreign companies, private limited companies which are not subsidiaries or holding companies of public limited companies, unlimited companies, associations not carrying on business for profit or which prohibit the payment of dividend, statutory entities and also alternate directors as provided under Section 278 of the Companies Act, 1956

\*\* Membership in Audit Committees/ Shareholder Grievance Committee/ Remuneration Committee of all Public Limited Companies have been considered.